BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)

Balance Sheet

All amounts are in USD'000

	Note	March 31, 2021	March 31, 2020
Non-current assets			
Intangible assets	3	65,125	70,833
Intangible assets under development	3	48,544	44,314
Investments	4	3,67,183	2,22,502
Income-tax asset (net)		-	1,307
		4,80,852	**3,38,956**
Current assets			
Contract assets		24,365	6,932
Trade and other receivables	5	38,806	35,603
Cash and cash equivalents	6	7,264	15,190
Prepayments and other assets	7	1,301	1,440
		71,736	**59,165**
Total assets		**5,52,588**	**3,98,121**
Equity			
Share capital	8	2,59,200	1,59,200
Retained earnings		84,822	51,635
		3,44,022	**2,10,835**
Non-current liabilities			
Contract liabilities		4,468	8,073
Deferred revenue		56,970	43,355
		61,438	**51,428**
Current liabilities			
Borrowing	9	60,000	-
Trade payables	10	68,107	1,21,663
Deferred tax liability (net)	11	10,415	10,175
Income-tax liability (net)		5,613	1,754
Contract liabilities		2,993	2,266
		1,47,128	**1,35,858**
Total equity and liabilities		**5,52,588**	**3,98,121**

Company registered number: 10038295

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)
Statement of Profit and Loss
All amounts are in USD'000

		For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue	12	1,87,575	1,75,133
Purchases of traded goods		64,162	72,330
Amortisation	3	11,708	6,413
Research and development expenses	13	40,808	44,517
Staff costs	14	5,184	1,771
Selling Expenses		9,457	11,885
Other expenses	15	15,520	2,400
Total expenses		**1,46,839**	**1,39,316**
Operating profit		**40,736**	**35,817**
Financial income	15	18	79
Financial expense	15	(79)	(21)
Net financing income / (expenses)		**(61)**	**58**
Profit before tax and exceptional items		**40,675**	**35,875**
Exceptional items	20	(1,421)	-
Profit before tax		**39,254**	**35,875**
Tax expense			
Tax on profit	16	(6,066)	(8,137)
Profit and total comprehensive income for the financial year		**33,188**	**27,738**

The notes on the pages 14 to 30 also form part of these financial statements

i) All amounts relate to continuing operations in both the current and prior year
ii) Total comprehensive income relates entirely to the 100% equity holders of the company.
iii) There are no items of other comprehensive income in the current or prior year.

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)

Statement of Changes in Equity

All amounts are in USD'000

	Share capital	Retained earnings	Total equity
Balance at April 1, 2019	**1,59,200**	**30,397**	**1,89,597**
Profit for the year	-	27,738	27,738
Total comprehensive income for the year	**-**	**27,738**	**27,738**
Transactions with owners, recorded directly in equity			
Dividend paid	-	(6,500)	(6,500)
Total contributions by and distributions to owners	**-**	**(6,500)**	**(6,500)**
Balance at March 31, 2020	**1,59,200**	**51,635**	**2,10,835**
Profit for the year	-	33,188	33,188
Total comprehensive income for the year	**-**	**33,188**	**33,188**
Transactions with owners, recorded directly in equity			
Issue of preference shares (refer note 8)	1,00,000	-	1,00,000
Total contributions by and distributions to owners	**1,00,000**	**-**	**1,00,000**
Balance at March 31, 2021	**2,59,200**	**84,823**	**3,44,023**

The notes on the pages 14 to 30 also form part of these financial statements

All amounts are in USD'000

3. Intangible assets and Intangible assets under development

	Marketing and Manufacturing rights	Intellectual Rights	Total intangible assets	Product under development: Intellectual property rights	Product under development: Marketing and Manufacturing rights	Product under development: Total intangible under development
Gross carrying amount						
At April 01, 2019	10,500	14,250	24,750	78,316	-	78,316
Other acquisitions - internally developed	-	-	-	8,511	-	8,511
Other acquisitions - externally purchased	-	-	-	-	11,000	11,000
Transfer from under development to intangible - internally developed	-	53,513	53,513	(53,513)	-	(53,513)
At March 31, 2020	**10,500**	**67,763**	**78,263**	**33,314**	**11,000**	**44,314**
Other acquisitions - internally developed	-	-	-	1,814	-	1,814
Other acquisitions - externally purchased	6,000	-	6,000	2,416	-	2,416
Transfer from under development to intangible - internally developed	-	-	-	-	-	-
At March 31, 2021	**16,500**	**67,763**	**84,263**	**37,544**	**11,000**	**48,544**
Accumulated amortisation						
At April 01, 2019	565	452	**1,017**	-		-
Amortisation for the year	1,516	4,897	**6,413**	-		-
At March 31, 2020	**2,081**	**5,349**	**7,430**	**-**	**-**	**-**
Amortisation for the year	2,028	9,680	11,708	-		-
At March 31, 2021	**4,109**	**15,029**	**19,138**	**-**	**-**	**-**
Net carrying amount						
At March 31, 2020	**8,419**	**62,414**	**70,833**	**33,314**	**11,000**	**44,314**
At March 31, 2021	**12,391**	**52,734**	**65,125**	**37,544**	**11,000**	**48,544**

(a) During the year ended March 31, 2021, the Company has capitalised intangibles amounting to USD Nil (March 31,2020: USD 53,513) being internally developed and USD 6,000 (March 31,2020: USD Nil) being externally purchased as these intangibles meet the recognition criteria under IAS 38 - Intangible Assets.

(b) The cost of products under development are not being amortised since they are still not under use.

	March 31, 2021	March 31, 2020
4. Non-current investments		
I. Unquoted equity shares		
Biocon Sdn. Bhd., Malaysia - 6,652,758 (March 31, 2020: 6,652,758) equity shares of RM 10 each; Holding - 100%	16,865	16,865
Biocon Biologics Inc., USA - Equity share application money pending allotment	600	-
Biocon Biologics Do Brazil Ltda., Brazil - Equity share application money pending allotment	281	-
Biocon Biologics Healthcare Malaysia Sdn. Bhd., Malaysia (formerly "Biocon Healthcare Sdn. Bhd.")- 2,000,000 (March 31,2020: 2,000,000) equity shares of RM 1 each; Holding - 100% *	-	-
Total investments in equity instruments	**17,746**	**16,865**

* Amount is USD 24 for March 31, 2020. Since all amounts are rounded off to USD'000 hence USD 24 is not appearing.

	March 31, 2021	March 31, 2020
II. Unquoted preference shares		
Biocon Sdn. Bhd., Malaysia - 122,326,912 (March 31, 2020: 33,286,750) Non-cumulative redeemable convertible preference shares ("NCRCPS") of RM 10 each; Holding - 90% (March 31, 2020: 90%) #	3,16,437	84,737
	3,16,437	**84,737**

includes 21,552,427 NCRCPS (March 31, 2020: 3,571,185) for which transfer formalities are in progress as at year end.

	March 31, 2021	March 31, 2020
III. Others		
Biocon Sdn. Bhd - Preference share application money pending allotment	33,000	1,20,900
Total non-current investments	**3,67,183**	**2,22,502**

Details of the subsidiaries are as follows:
Biocon Sdn. Bhd. is a private company incorporated and domiciled in Malaysia. The address of the registered office of the subsidiary is Level 7, Menara Milenium, Jalan Damanlela, Damansara Heights - 50490, Kuala Lumpur. The subsidiary is engaged in the manufacture of various insulin products and research and development activities of biopharmaceutical products. Biocon Sdn. Bhd has set up state of the art integrated manufacturing facility for insulin active pharmaceutical ingredients and insulin drug formulation in Johor, Malaysia.

During the year, the Company has invested USD 91,800 in Biocon Sdn. Bhd. towards Non-cumulative redeemable convertible preference shares. These investments are made throughout the year. Further the Company has purchased 17,981,242 NCRCPS from Biocon SA for a considered USD 52,000.

Biocon Biologics Healthcare Malaysia Sdn. Bhd. (formerly 'Biocon Healthcare Sdn. Bhd.') is a private company incorporated and domiciled in Malaysia. The address of the registered office of the subsidiary is Unit D-3-5, Level 5, Block D, SetiaWalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan. The subsidiary is engaged in the business of trading in medical equipment and accessories.

During the year, the Company has invested USD 600,000 in Biocon Biologics Inc., ("BBI") towards common stocking exchange of USD 600,000, which are yet to be allotted. The investments are made throughout the year.

BBI is domiciled in United States of America. The address of the registered office of the subsidiary is 1013, Centre Road, Suite 403S, Wilmington, New Castle, De. The subsidiary is engaged in the sale of biopharmaceutical products.

All Amounts are in USD'000

During the year, the Company has invested USD 281,300 in Biocon Biologics Do Brasil Ltda., towards equity shares in exchange of USD 281,300 which are yet to be allotted. The investments are made throughout the year.

On August 17, 2020 Biocon Biologics Do Brazil Ltda., was incorporated as a wholly owned subsidiary of the Biocon Biologics UK Limited. The subsidiary has been set up with an objective to promote direct market strategy in Brazil

	March 31, 2021	March 31, 2020
5. Trade receivables		
Trade receivables	15,229	16,492
Other receivables	23,415	18,992
Other receivables (Intercompany)	162	119
	38,806	**35,603**

The above trade and other receivables are receivable within one year.

6. Cash and cash equivalents		
Balances with banks:		
On current accounts	6,451	14,567
Deposits*	813	623
	7,264	**15,190**

* Deposits are subject to first charge against guarantees obtained.

7. Prepayments and other assets		
Advance to suppliers	874	1,247
Prepayments	303	162
Others	124	31
	1,301	**1,440**

8. Capital and reserves

A. Ordinary share capital

Authorised share capital 116,771,297 (March 31, 2020: 116,771,297) ordinary shares of GBP 1 each	**1,59,200**	**1,59,200**
As at April 01,2020	1,59,200	1,59,200
Issued for cash during the year	-	-
Issued against share application money pending allotment	-	-
On issue at March 31,2021	**1,59,200**	**1,59,200**
Allotted, called up and fully paid 116,771,297 (March 31, 2020 - 116,771,297) equity shares of GBP 1 each	1,59,200	1,59,200
	1,59,200	**1,59,200**

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

All Amounts are in USD'000

	March 31, 2021	March 31, 2020
B. Preference shares		
Preference share capital 100,000,000 (March 31, 2020: Nil) optionally convertible redeemable non-cumulative preference shares ("OCRPS") of USD 1 each	**1,00,000**	**-**
As at April 01,2020	-	-
Issued for cash during the year	1,00,000	-
Issued against share application money pending allotment	-	-
On issue at March 31,2021	**1,00,000**	**-**

Issue of optionally convertible redeemable non-cumulative preference shares
During the year ended March 31, 2021 the Company issued 100,000,000 OCRPS of USD 1 per share for a consideration of USD 100,000,000 settled in cash. Tenure of the OCRPS shall be 10 years from the date of issuance. The Company or the holder has the option to convert the OCRPS into equity shares at any time during the tenure at a ratio of 1:1.44 (one equity share for every 1.44 OCRPS). Further, the Company has the option to redeem the OCRPS at its face value at any time during the tenure. The holder of each OCRPS is entitled to preferential dividend of 5% per annum subject to declaration by the board of directors of the Company. At the end of the tenure, the Company shall have option to either redeem OCRPS or covert into equity shares as per redemption clause and conversion clause of the term sheet, respectively.

C. Nature and purpose of reserves

Retained earning
The amount that can be distributed by the Company as dividends to its equity shareholders.

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All Amounts are in USD'000

	March 31, 2021	March 31, 2020
9. Borrowings		
Loans from banks (unsecured)		
Term loan [refer note (a) below]	60,000	-
	60,000	**-**

(a) During the year ended March 31, 2021, the Company had obtained a term loan of USD 60 million (March 31, 2020: Nil) from HDFC Bank Limited. The long-term loan is taken for 13 months and is repayable at the end of the term and carries an interest rate of LIBOR + 0.95% p.a.

10. Trade payables		
Trade payables due to related parties (refer note 17)	38,455	1,03,102
Trade payables	22,152	15,561
Payables for capital goods	7,500	3,000
	68,107	**1,21,663**
Above trade and other payables balances are payable with one year		
	-	-
11. Deferred tax liabilities and assets		
Deferred tax liability		
Intangible assets	10,420	10,743
Gross deferred tax liability	**10,420**	**10,743**
Deferred tax assets		
Contract Liabilities	-	(568)
Others	(5)	-
Gross deferred tax assets	**(5)**	**(568)**
Net deferred tax liabilities	**10,415**	**10,175**

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All amounts are in USD'000

	For the year ended March 31, 2021	For the year ended March 31, 2020
12. Revenue from contracts with customers		
Sale of goods*	1,84,185	1,71,949
Licensing and development fees	2,877	2,263
Royalty income	513	921
	1,87,575	**1,75,133**

* includes profit share

12.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended March 31, 2021	For the year ended March 31, 2020
Primary geographical markets		
Ireland	1,47,552	1,35,871
Brazil	13,888	16,308
Netherlands	7,335	5,542
Rest of the world	18,800	17,412
	1,87,575	**1,75,133**

Geographical revenue is allocated based on the location of the customers.

	For the year ended March 31, 2021	For the year ended March 31, 2020
12.2 Changes in contract liability - licensing arrangements:		
Balance at the beginning of the year	10,339	11,702
Add:- Increase due to invoicing during the year, excluding amounts recognised as revenue during the year	-	900
Less: Revenue recognised during the year	(2,878)	(2,263)
Balance at the end of the year	**7,461**	**10,339**
Expected revenue recognition from remaining performance obligations:		
- Within one year	2,993	2,266
- More than one year	4,468	8,073
	7,461	**10,339**

12.3 Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	March 31, 2021	March 31, 2020
Trade receivables	15,229	16,492
Contract assets	24,365	6,932
Contract liabilities	7,461	10,339

Trade receivables are non-interest bearing.

BIOCON BIOLOGICS UK LIMITED (formerly BIOCON BIOLOGICS LIMITED)
Notes to the financial statements
All amounts are in USD'000

	For the year ended March 31, 2021	For the year ended March 31, 2020
13. Research and development expenses		
Research and development expenses	64,748	70,459
Less: Recovery from co-developer	(22,126)	(17,431)
Less: Expenses incurred on account of Intangible assets under development (refer note 3)	(1,814)	(8,511)
	40,808	**44,517**
14. Expenses, staff costs and auditor's remuneration		
Included in profit or loss are the following;		
Lab consumables	470	192
Rates and taxes	130	-
Professional fees	14,393	1,699
Travelling and conveyance	228	280
Insurance Charges	34	29
Others [refer note (a) below]	185	200
Director's fees	80	-
	15,520	**2,400**
Staff costs		
Wages, salaries and others	5,184	1,771
	5,184	**1,771**

(a) Includes USD 73 (March 31, 2020: 36) of lease payments. The Company applies the short-term and low value asset lease recognition exemption to its short-term and low value leases of certain premises taken on lease.

The directors of the Company have received sitting fees of USD 80 (March 31, 2020: Ni) in respect of their directorship. The number of employees was 7 in the year ended March 31, 2021 (March 31, 2020: 10). The employees are primarily involved in marketing, business alliance, human resource, portfolio and analytics functions.

Auditor's remuneration		
Audit of these financial statements	101	72
15. Finance income and expense		
Finance income		
Interest income on:		
Deposits with banks	18	52
Net foreign exchange gain	-	27
	18	**79**
Finance expenses		
Net foreign exchange loss	(52)	-
Bank charges	(27)	(21)
	(79)	**(21)**
Net financing income / (expenses)	**(61)**	**58**

All amounts are in USD'000

	For the year ended March 31, 2021	For the year ended March 31, 2020
16. Taxation		
(a) Amount recognised in Statement of profit and loss		
Profit for the year	33,188	27,738
UK corporation tax		
Current tax on income for the year	5,825	3,250
Previous year adjustments	-	(1,301)
Total current tax	**5,825**	**1,949**
Deferred tax		
Origination and reversal of temporary differences	241	5,727
Reduction in tax rate	-	461
Total deferred tax	**241**	**6,188**
Tax on profit	**6,066**	**8,137**
(b) Reconciliation of effective tax rate		
Profit for the year	33,188	27,738
Total tax expense	6,066	8,137
Profit excluding taxation	**39,254**	**35,875**
Tax using the UK corporation tax rate of 19% (March 31, 2020 : 19%)	7,458	6,816
Increase / reduction in tax rate on deferred tax balances	-	461
Patent deduction	(1,461)	-
Previous year adjustments	-	(1,301)
Provision for uncertain tax position	-	1,059
Others	69	1,102
Total tax expense	**6,066**	**8,137**

A reduction in the UK corporation tax rate from 19% to 17% (effective from April 1, 2020) was substantively enacted on September 6, 2016, and the UK deferred tax asset as at March 31, 2020 has been calculated at 19%. In the March 11, 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from April 1, 2020. This will have a consequential effect on the company's future tax charge.

(d) Recognised deferred tax assets and liabilities

The following is the movement of deferred tax assets / liabilities presented in the consolidated balance sheet

For the year ended March 31, 2021	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
Deferred tax liability				
Intangible assets	10,743	(323)	-	10,420
Gross deferred tax liability	**10,743**	**(323)**	**-**	**10,420**
Deferred tax assets				
Contract Liabilities	(568)	568	-	-
Others	-	(5)	-	(5)
Gross deferred tax assets	**(568)**	**563**	**-**	**(5)**
	10,175	**240**	**-**	**10,415**

All amounts are in USD'000

16. Taxation (continued)

For the year ended March 31, 2020	Opening balance	Recognised in profit or loss	Recognised in equity	Closing balance
Deferred tax liability				
Intangible assets	5,651	5,092	-	10,743
Gross deferred tax liability	**5,651**	**5,092**	**-**	**10,743**
Deferred tax assets				
Contract Liabilities	(1,665)	1,097	-	(568)
Gross deferred tax assets	**(1,665)**	**1,097**	**-**	**(568)**
	3,986	**6,189**	**-**	**10,175**

17. Related parties

Identity of related parties
For the purposes of financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

List of related parties with whom the Company had transactions during the year:

Name of related parties	Nature of relationship
Biocon Limited	Ultimate Holding Company
Biocon Biologics Limited (formerly 'Biocon Biologics India Limited')	Holding Company
Biocon Sdn. Bhd.	Subsidiary
Biocon Biologics Healthcare Malaysia Sdn. Bhd. (formerly 'Biocon Healthcare Sdn. Bhd.')	Subsidiary
Syngene International Limited	Fellow subsidiaries
Biocon Pharma UK Limited	Fellow subsidiaries

The Company has the following related party transactions

A. Other related party transactions	March 31, 2021	March 31, 2020
Expenses		
Ultimate Holding Company		
Purchases of traded goods	-	886
Research and development expenses	37	2,555
Professional charges	-	-
Expense incurred on behalf of related party	-	73
Holding Company		
Purchases of traded goods	64,162	71,444
Professional charges	8,501	-
Research and development expenses	54,416	59,791
Expense incurred on behalf of related party	53	194

All amounts are in USD'000

17. Related parties (continued)

Subsidiary	**March 31, 2021**	**March 31, 2020**
Professional charges	(332)	-
Investment in subsidiary	-	-
Other related parties (Fellow subsidiaries)		
Research and development expenses	272	181
Expense incurred on behalf of related party	23	(119)

B. Balance outstanding

Payables

Ultimate Holding Company	-	(2,124)
Holding Company	(38,135)	(1,00,700)
Subsidiaries	-	(113)
Other related parties (Fellow subsidiaries)	(319)	(166)

Receivables

Ultimate Holding Company	130	-
Subsidiaries	472	-
Other related parties (Fellow subsidiaries)	-	119

18. Contingent liabilities

Guarantees		
Guarantees given by banks on behalf of the Company for contractual obligations of the Company	558	579

19. Post balance sheet events

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The measures are in line with the guidance of national government.

The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in UK and globally. The Company will continue to closely monitor any material changes to future economic conditions.

20. Exceptional items

During the year the Company had incurred severance cost amounting to amounting to USD 1,421 arising from exit of certain key personnel which is recorded as exceptional item for the year ended March 31, 2021 (March 31, 2020 - Nil). Consequential tax of USD 270 is included within tax expense.

21. Controlling Party

The ultimate parent company and controlling party is Biocon Limited, a public Company incorporated in India. The largest group in which the results of the Company are consolidated is that headed by Biocon Limited, 20th KM, Hosur Road, Electronic City, Bangalore, India.
The results of the Company also get consolidated in the Consolidated financial statements of parent company, Biocon Biologics Limited (formerly "Biocon Biologics India Limited"). The ultimate parent company produces publicly available financial statements. The consolidated financial statements of Biocon Group can be publicly obtained from the official website, www.biocon.com.

1. Reporting entity

Biocon Biologics UK Limited (formerly Biocon Biologics Limited) ("the Company") is a company limited by shares incorporated and domiciled in England, in the United Kingdom. The registered number is 10038295 and the registered address is 16 Great Queen Street, Covent Garden, London, United Kingdom, WC2B AH.

2. Basis of preparation of financial statements

a. Statement of compliance

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). The amendments of FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is a subsidiary undertaking of Biocon Biologics Limited (formerly "Biocon Biologics India Limited") incorporated in India. The largest group in which the results of the Company are consolidated is that headed by Biocon Limited, 20th KM, Hosur Road, Electronic City, Bangalore, India. The results of the Company also get consolidated in the consolidated financial statements of parent company, Biocon Biologics Limited. The consolidated financial statements of the group is available to the public and may be obtained from the official website www.biocon.com.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Disclosures in respect of capital management;
- The effects of new but not yet effective International Financial Reporting Standards.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosure, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IAS 32 Financial instruments: Presentation;
- Disclosures required by IFRS 7 Financial Instrument Disclosures;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

Notwithstanding net current liabilities of USD ('000) 75,392 as at March 31, 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 and accordingly has prepared cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements, which indicate that taking account of reasonably possible downsides the company will have sufficient funds to meet its liabilities as they fall due for that period. The possible downside scenarios which have been considered while forecasting the cash flows, are no new growth in sales, no increment or new hires except critical positions, no new initiatives in R&D, operational spends in line with activity level.

Those forecasts are dependent on the company's immediate parent company, Biocon Biologics Limited, not seeking repayment of the amounts currently due to the group, which at the balance sheet date amounted to USD ('000) 38,135. Biocon Biologics Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts and has an intention to provide sufficient financial support to the Company for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

b. Functional and presentation currency

These standalone financial statements are presented in United States Dollar (USD), which is also the functional currency of the Company. The functional currency has been determined to be the currency of the primary economic environment in which the entity operates.

c. Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 2(b) — Assessment of functional currency;
- Note 2(g) — Financial instruments;
- Note 2(h) — Useful lives intangible assets;
- Note 2(n) — Lease classification;
- Note 2(k), 16 and 18 — Provision for income taxes and related tax contingencies and evaluation of recoverability of deferred tax assets;
- Note 2(l) and 12 — Revenue recognition: whether revenue from sale of product and licensing income is recognised over time or at a point in time.

d. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2021 is included in the following notes:

- Note (i) – impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2(g) – impairment of financial assets; and

Estimation of uncertainties relating to the global health pandemic from COVID-19 ("COVID-19")

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Impairment of financial / non-financial assets

The recoverable amount of the investments and intangible assets under development were based on the fair value estimated using discounted cash flows. The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent Management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

e. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of companies at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit or loss, except exchange differences arising from the translation of the qualifying cash flow hedges to the extent that the hedges are effective which are recognised in OCI.

f. Investments

Investments in subsidiary undertakings are stated at cost, less provision for any impairment in value.

g. Financial instruments

(i) Initial recognition and measurement
A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Company categorises financial instruments as follows:

Financial assets

Financial asset comprises of trade and other receivables and contract assets. These financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequently these assets are held at amortised cost, using effective interest method and net of any impairment losses.

Impairment

In accordance with IFRS 9, the Company applies the Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the following:

- financial assets measured at amortised cost; and
- Contract assets as defined in IFRS 15

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL's are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

Financial liabilities

Trade payables are initially recognised at fair value plus any directly attributable transaction costs. Trade payables are subsequently measured at amortised cost, using effective interest method.

(iii) Cash and cash equivalents
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

h. Intangible assets

i. Research and development
Expenditure on research activities is recognised in statement of profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets (continued)

ii. Other intangible assets
Other intangible assets acquired by the company are measured at fair value upon initial recognition, which forms its cost of acquisition, less accumulated amortisation and any accumulated impairment losses.

iii. Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in statement of profit or loss as incurred.

iv. Amortisation
Amortisation of intangible assets commence when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Amortisation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

- Intellectual property rights 7 years
- Marketing and Manufacturing rights 7 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

i. Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset’s recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount in the statement of profit and loss.

The recoverable amount of a CGU (or an individual asset) is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flow, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to CGU (or the asset).

The Company’s non-financial assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Onerous contracts
A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the company recognises any impairment loss on the assets associated with that contract.

k. Income tax

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when:

- taxable temporary differences arising on the initial recognition of goodwill;
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

l. Revenue from contracts with customers

The Company implemented the new standard IFRS 15 'Revenue from Contracts with Customers' effective April 1, 2018 using cumulative effect method.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is an unconditional right to receive cash, and only passage of time is required, as per contractual terms.

i. Sale of goods
Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the delivery and acceptance terms agreed with the customers. The amount of revenue to be recognised (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

The consideration received by the Company in exchange for its goods may be fixed or variable. Variable consideration is only recognised when it is considered highly probable that a significant revenue reversal will not occur once the underlying uncertainty related to variable consideration is subsequently resolved.

ii. Milestone payments and out licensing arrangements
The Company enters into certain dossier sales, licensing and supply arrangements that, in certain instances, include certain performance obligations. Based on an evaluation of whether or not these obligations are inconsequential or perfunctory, the Company recognise or defer the upfront payments received under these arrangements.

Income from out-licensing agreements typically arises from the receipt of upfront, milestone and other similar payments from third parties for granting a license to product- or technology- related intellectual property (IP). These agreements may be entered into with no further obligation or may include commitments to regulatory approval, co-marketing or manufacturing. These may be settled by a combination of upfront payments, milestone payments and other fees. These arrangements typically also consist of subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period we have continuing performance obligations, if the milestones are not considered substantive. Whether to consider these commitments as a single performance obligation or separate ones, or even being in scope of IFRS-15 'Revenues from Contracts with Customers, is not straightforward and requires some judgement. Depending on the conclusion, this may result in all revenue being calculated at inception and either being recognised at point in time or spread over the term of a longer performance obligation. Where performance obligations may not be distinct, this will bundled with the subsequent product supply obligations. The new standard provides an exemption for sales-based royalties for licenses of intellectual property which will continue to be recognised as revenue as underlying sales are incurred.

The Company recognises a deferred income (contract liability) if consideration has been received (or has become receivable) before the company transfers the promised goods or services to the customer. Deferred income mainly relates to remaining performance obligations in (partially) unsatisfied long-term contracts or are related to amounts the Company expects to receive for goods and services that have not yet been transferred to customers under existing, non-cancellable or otherwise enforceable contracts.

Revenue from contracts with customers (continued)

iii. Royalty income and profit share
The royalty income and profit share earned through a License or collaboration partners is recognised as the underlying sales are recorded by the Licensee or collaboration partners.

m. Interest income and expense

Interest income or expense is recognised using the effective interest method.

n. Leases

The Company as lessee:
The Company assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset;
- The Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Certain lease agreements include an option to extend or terminate the lease before the end of lease term. ROU assets and the lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., higher of fair value less cost to sell and the value-in-use) is determined on individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of- use assets if the Company changes its assessment if whether it will exercise an extension or a termination of option.

Lease liability and ROU asset are separately presented in the Balance Sheet.

Transition
The Company did not have any lease contracts existing on April 1, 2019.